

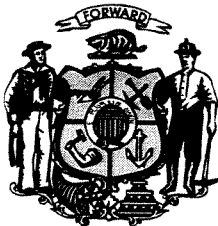
XII. Department of Natural Resources -- George Meyer, Secretary

The department requests that the Committee take action under s. 350.12(4)(br) to increase the 1997-98 expenditure amount for supplemental trail aids within the snowmobile trail recreation aids appropriation under s. 20.370(5)(cs) by an additional \$680,000 SEG.

Governor's Recommendation

Approve the request

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
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XII

Date: December 18, 1997

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: Section 13.10 Request from the Department of Natural Resources for Increased Expenditure Amount for Supplemental Trail Aids.

Request

The Department of Natural Resources (DNR) requests that the Committee take action under s. 350.12 (4)(br) to increase the 1997-98 expenditure amount for supplemental trail aids within the snowmobile trail recreation aids appropriation under s. 20.370 (5)(cs) by an additional \$680,000 SEG.

Background

The Snowmobile Account within the Conservation Fund receives funding from user fees and the motor fuel tax as specified under s. 25.29 (1)(d). The account funds a variety of snowmobile projects, including supplemental trail aids for costs in the previous fiscal year that exceeded the statutory \$200 per mile maximum for trail maintenance.

Snowmobile Gas Tax Multiplier

The motor fuel tax revenues transferred from the Transportation Fund equal 140% of the product of the number of snowmobiles registered in Wisconsin at the end of February of the previous fiscal year and the amount of motor fuel tax in February of the previous fiscal year assessed on 50 gallons of gasoline. For FY98, \$3,368,200 was transferred to the Snowmobile Account (203,024 registered snowmobiles x [23.7¢ per gallon x 50 gallons] x 1.4).

The majority of the snowmobile gas tax revenue is used to reimburse trail maintenance costs. Under s. 350.12 (4)(b)1., trail maintenance costs are reimbursed up to a \$200 maximum per mile per year. Trail maintenance costs exceeding the maximum are reimbursed through supplemental trail aids, as provided for under s. 350.12 (4)(bg). Those funds generated by the 40% portion of the 140% motor fuel tax transfer calculation (i.e., "40% multiplier") are earmarked for supplemental trail aids.

Supplemental Trail Aids

Funds generated by the 40% multiplier are dedicated to supplemental trail aids. Prior to enactment of the 1995-1997 biennial budget (1995 Wisconsin Act 27), supplemental trail aid requests that exceeded the funds available were prorated under s. 350.12 (4)(br). Separate legislation was required to increase the amount of funds available for supplemental trail aids in excess of the revenues generated by the 40% multiplier.

The 1995-1997 biennial budget removed the need for separate legislation to increase funds available for supplemental trail aids. Section 350.12 (4)(br) allows DNR to either prorate supplemental trail aids payments or submit a request for additional expenditures to the Committee under s. 13.101. Unlike typical s. 13.101 requests, requests under s. 350.12 (4)(br) do not require a finding of an emergency for Committee consideration.

Analysis

By the October 1, 1997 application deadline, DNR received requests for supplemental trail aids in excess of available funds. Current funds available for supplemental payments are \$962,300. DNR expects costs eligible for supplemental aid to equal approximately \$2.1 million. Based on the current funds available for supplemental aid payments cost reimbursements will be prorated at less than 50%.

Since the creation of the 40% multiplier, supplemental trail aids payments have generally reimbursed at least 70% of county and state trail maintenance costs exceeding the \$200 maximum per mile per year. Table 1 illustrates the historical level of trail aid reimbursement.

Table 1: Historical Snowmobile Trail Maintenance Cost Reimbursement

<u>Snowmobile Season</u>	<u>Claims Paid (%)</u>
1989-90	59.0
1990-91	100.0 ¹
1991-92	76.0 ²
1992-93	73.6
1993-94	94.2
1994-95	100.0
1995-96	53.8 ³

¹ Includes additional funding received through separate legislation.

² The 1991-92 season payments were the first to use funds provided by the 40% multiplier, which was enacted as part of the 1991-93 biennial budget (1991 Wisconsin Act 39).

³ The proration does not include the \$80,000 provided to 18 counties in March 1997.

The good snowmobiling conditions and accompanying high use during the 1996-97 snowmobiling season required frequent maintenance of trails. As a result, costs eligible for reimbursement have exceeded available funds.

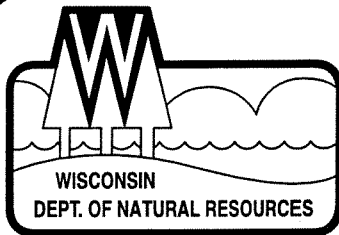
The Snowmobile Recreation Council recommended that DNR submit a request to the Joint Committee on Finance to increase the amount of funds available for supplemental trail aid payments. After satisfying the basic trail maintenance requests (up to the \$200 maximum per mile), the Snowmobile Recreation Council had approximately \$1,596,800 available for snowmobile trail project requests. However, the total cost of the projects for which the council recommended approval is \$913,700. The council recommended that \$680,000 of the remaining funds be used to supplement trail aid funds. If the request to use these funds for supplemental trail aid payments is denied, the money will continue to be available for trail development and rehabilitation projects in subsequent fiscal years.

Although the increase of \$680,000 would not eliminate the need to prorate supplemental trail aid payments, the percentage of costs reimbursed would increase to approximately 78%. As indicated by Table 1, this proration level is close to previous reimbursement rates. The requested increase in funds available for supplemental trail aids does not require additional expenditure authority. The current FY97 expenditure authority of \$3,368,200 under appropriation s. 20.370 (5)(cs) is adequate because no increase in total funds is involved.

Recommendation

Approve the request.

Prepared by: Kirsten M. Grinde
266-7973



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Tommy G. Thompson, Governor
George E. Meyer, Secretary

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November 20, 1997

Honorable Brian Burke, Co-Chair
Joint Committee on Finance
100 North Hamilton Street
Room 302
P.O. Box 7882

Honorable John Gard
Joint Committee on Finance
Room 315 North
State Capitol

Attn.: Committee Secretary, Daniel Caucutt
Division of Executive Budget and Finance, 10th Floor
Administration Building
101 E. Wilson Street

Dear Senator Burke and Representative Gard:

Request

The Department of Natural Resources requests approval to supplement the expenditure amount of the gas tax multiplier specified in s. 350.12 (4) (bg), Stats., within appropriation 20.370 (5) (cs) by \$680,000. No additional expenditure authority is needed; the Department would utilize the remaining existing spending authority within that same appropriation after other purposes specified for the appropriation have been funded. If approved, this request will allow the Department to provide an additional \$680,000 for supplemental trail aid payments to the \$962,300 already available for that purpose for the winter of 1995-96. This request is being made under the authority of s. 350.12 (4) (br) (Supplemental trail aid payments; insufficient funding.), Stats., which allows the Department to request the Joint Committee on Finance to take action under s. 13.101 without the requirement of finding of an emergency under s. 13.101 (3) (a) 1.

Background

Appropriation 20.370 (5) (cs) provides funding from the motor fuel tax specified under s. 25.29 (1) (d) for a variety of snowmobile projects, including snowmobile trail maintenance. Spending authority for this continuing appropriation is \$3,042,800 for FY 97 and \$3,368,200 for FY 98, with an additional amount of \$4,500 in FY 98 that has lapsed from the previous year. Within appropriation 20.370 (5) (cs), an amount is set aside specifically for supplemental trail aid payments to the Department or a county for trail maintenance costs incurred in the previous fiscal year that exceed the maximum of \$200 per mile. This amount is equal to the amount generated by the gas tax multiplier of 40% (s. 25.29 (d) 2.), and for FY 98 is \$962,300. This funding calculation is specified in s. 350.12 (4) (bg), Stats.

The application deadline for counties for supplemental requests was October 1, 1998, and while not all requests have been evaluated, it is estimated that the total request for eligible costs will be

approximately \$2,102,000 for the 1996-97 snowmobiling season due to the good snowmobiling conditions. This would result in a 45.8% proration of the available \$962,300 for supplementary payments.

After subtracting the amounts necessary for maintenance of existing trails (\$3,070,740), the Snowmobile Recreation Council had approximately \$1,596,800 available for other snowmobile trail project requests under appropriations 20.370 (5) (cr) and (cs). After reviewing the projects in the priority order specified under s. 23.09 (26), Stats., the Council recommended approval of \$913,700 for bridge rehabilitation, trail rehabilitation, new bridge construction and trail relocation projects. Of the remaining amount of \$683,100, the Council requested the Department to seek approval to use \$680,000 for supplemental trail aids in addition to the \$962,300 generated by the 40% multiplier.

Approval of this request will provide an additional \$680,000 for supplemental trail aids to help offset costs incurred by counties for snowmobile trail maintenance. Approval will not result in exceeding the overall expenditure authority for appropriation 20.370 (5) (cs), but will allow the Department to spend more on the specific purpose of supplemental trail aids, currently specified in s. 350.12 (4) (bg). Other purposes for funding by the appropriation have been reviewed and recommended for funding by the Snowmobile Recreation Council. Denial of this request will mean that the \$680,000 will not lapse, but will continue to be available only for trail project costs in subsequent fiscal years.

Conclusion

The Department and the Snowmobile Recreation Council recognizes the importance of the snowmobile trail system to the tourism revenue generated by snowmobiling recreation, and recommends supplementing the amount available for supplemental trail aids by \$680,000. A provision was included in the 1995-97 biennial budget, 1995 Wisconsin Act 27, to allow the Department to request the Joint Committee on Finance to take action to address supplemental trail aid payments under s. 350.12 (4) (br) under S. 13.101 without the requirement of a finding of emergency. This request is consistent with that provision.

Sincerely,



George E. Meyer
Secretary

c: Darrell Buzzell - AD/5
Joe Polasek - MB/5
Herb Zimmerman - FN/1
Craig Karr - AD/%
Kathy Curtner - CF/8